

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]",etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

| FLA Audit Profile | |
|----------------------|--|
| Country | China |
| Factory name | 36021538D |
| IEM | ALGI |
| Date(s) in facility | 08/24-08/25, 2005 |
| PC(s) | Nike, Inc., and PUMA |
| Number of workers | 470 |
| Product(s) | Apparel |
| Production processes | Sewing, cutting, assembling, packing, warehousing, quality control |
| | |

| FLA Code/ Compliance issue | Country Law/Legal Reference | FLA Benchmark | Non-compliance | Risk of Non-compliance | IEM Findings | | | Sources/Documentation used for corroborating | Notable Features implemented by Factory Management or | Remediation | | | | |
|---|---|--|--|------------------------|---|----------------------------------|--|---|---|--|------------------------|-----------------------------|---|--|
| | | | | | Evidence of Non-compliance (uncorroborated) | If not corroborated, explain why | | | | PC Remediation plan | Target Completion Date | Factory Response (Optional) | Company follow up (Cite date of follow up) | Documentation |
| 1. Code Awareness | | | | | | | | | | | | | | |
| 2. Forced Labor | | | | | | | | | | | | | | |
| There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise | | | | | | | | | | | | | | |
| Employment Records | Art. 19 of PRC Labor Law: Labor contract shall be in written form and with the following items included: term of contract, job description, labor protection and conditions, remunerations, labor discipline, conditions for termination of contract and liabilities for breach of contract. | Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision | There is no contract signed between factory and one cleaning worker | | | | | Personnel files reviews/Management interviews/Employee interviews | | Arrange to sign labor contract with the cleaning worker | | | The factory has signed the labor contract with the cleaning worker on Sep 1, 2005. | Review the new contract. |
| 3. Child Labor | | | | | | | | | | | | | | |
| No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15. | | | | | | | | | | | | | | |
| Legal compliance for juvenile workers | Art. 9 of Regulations on Special Protection of Juvenile Workers: Employment of juvenile workers should be under registration. Art. 65 of PRC Labor Law: Employer shall carry out regular physical examinations for juvenile workers. Art.6 of Regulations on Special Protection of juvenile Workers: Employer shall carry out regular physical examinations for juvenile workers as required by follows: (1) Before arrangement of working positions; (2) working for one year; (3) an employee just over 18 shall take physical examination if it has been more than 6 months since last physical examination. | Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and the age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime | The physical examination form used for juvenile workers is not in compliance with the standard form mandated by the law. | | | | | Document reviews/Management interviews | | 1) Establish factory policy and procedures on young worker protection and communicate to all employees; 2) Keep record of young workers: give periodic report to the labor bureau and arrange health examination before young workers start work and annually thereafter until the young workers are over 18 years old. | 11/30/05 | | The factory has reorganized the physical examination for juvenile workers on Sep 20, 2005, now it is in compliance with the standard. | Review the new physical examination documents. |
| 4. Harassment or Abuse | | | | | | | | | | | | | | |
| Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse. | | | | | | | | | | | | | | |
| 5. Nondiscrimination | | | | | | | | | | | | | | |
| No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin. | | | | | | | | | | | | | | |
| 6. Health and Safety | | | | | | | | | | | | | | |
| Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities | | | | | | | | | | | | | | |
| 7. Freedom of Association and Collective Bargaining | | | | | | | | | | | | | | |
| Employers will recognize and respect the right of employees to freedom of association and collective bargaining | | | | | | | | | | | | | | |
| | | <p>FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms.</p> <p>The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.</p> | | | | | | | | | | | | |

| FLA Code/ Compliance issue | Country Law/Legal Reference | FLA Benchmark | Non-compliance | Risk of Non-compliance | IEM Findings | | | Sources/Documentation used for corroborating | Notable Features implemented by Factory Management or | Remediation | | | | |
|---|---|--|---|------------------------|---|----------------------------------|---|--|--|---------------------|------------------------|-----------------------------|--|---|
| | | | | | Evidence of Non-compliance (uncorroborated) | If not corroborated, explain why | | | | PC Remediation plan | Target Completion Date | Factory Response (Optional) | Company follow up (Cite date of follow up) | Documentation |
| 8. Wages and Benefits | | | | | | | | | | | | | | |
| Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits | | | | | | | | | | | | | | |
| Payroll Reporting | Art. 6 of Interim Regulations on the Payment of Wages: Company shall record in writing the amount of wages paid to workers, date of the payment, names and signatures of the person receiving wages. The company shall have this records available for two years or more for check. Art. 6 of the Interim Regulations on the Payment of Wages: Company shall provide workers with a detailed pay stub. | Accurate and reliable payroll reporting, including pay stubs will be provided | One Cleaning worker's payment records were not on the Company's payroll. | | | | Payroll reviews/Management interviews/Employee interviews | | Include the cleaning worker in company payroll. | | | | The cleaning worker's payment record was included in the company's payroll and the pay stub has been processed from Sep 2005. | Review the pay stub and pay roll. |
| Pay statement | Art. 6 of the Interim Regulations on the Payment of Wages: Company shall provide workers with a detailed pay stub. | Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions | One Cleaning worker's pay stub has not been processed. | | | | Document reviews/Management interviews/Employee interviews | | Provide individual pay slip to each employee. | | | | The cleaning worker's payment record was included in the company's payroll and the pay stub has been processed from Sep 2005. | revised pay stub |
| Time-recording system | | Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards | Time record is not maintained for one cleaning staff. | | | | Time records review/Management interviews/Employee interviews | | Provide time record every month for each and every employee and ensure that the time records are complete and properly maintained | | | | Time record for the cleaning worker was maintained from Sep 2005. | time cards |
| Record Maintenance | Art. 6 of Interim Regulations on the Payment of Wages: Company shall record in writing the amount of wages paid to workers, date of the payment, names and signatures of the person receiving wages. The company shall have this records available for two years or more for check. Art. 6 of the Interim Regulations on the Payment of Wages: Company shall provide workers with a detailed pay stub. | All compensation records will be maintained accurately and should be acknowledged by the employee as accurate. | One cleaning worker's payment records were not recorded on company's payroll. | | | | Payroll reviews/Management interviews/Employee interviews | | Please see Payroll Reporting row above | | | | Please refer to previous rows. | Review the pay stub and pay roll. |
| Legal Compliance for holiday/leave | Art. 51. of PRC Labor Law: The employer shall pay wages to laborers in accordance with law when they have legal holiday, take leaves during periods of marriage or mourning, and participate in social activities in accordance with law. Art. 11. of PRC Labor Law: Laborers are entitled to annual leave, home leave, wedding leave, funeral affairs leave in accordance to the law; during such period, employing unit shall provide payments to laborers in accordance to the terms prescribed in the labor contract. | Workers will be paid for holidays and leave as required by law | Piece rated workers received a fixed amount of payment for holidays, instead of calculation and payment based on their regular average piece rate. | | | | May payroll review/Management interviews | | Overtime pay, annual leave, public holiday pay and other legal benefits of piece rate workers should be paid based on the average piece rate or the minimum wage whichever is higher. | | | | The factory has corrected this issue from August payment, reviewed and interviewed workers on August and Sep payment. It is in compliance with the local law. | Review the payroll and pay stub. |
| 9. Hours of Work | | | | | | | | | | | | | | |
| Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period | | | | | | | | | | | | | | |
| Overtime Limitations | Art. 41 of PRC Labor Law: Employees should not be allowed to work more than three overtime hours per day and 36 overtime hours per month. Art. 38 of PRC Labor Law: Employer shall guarantee that its laborers have at least one day off per week. | Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts | In addition to the regular hours of work (8 hours/day), management, requires security guards to stay at the facility from 4:30 pm to 7:30 am to assist night inspectors. As per management, every security guard has alternate day off (one day work, one day off); as per interview with security guard ***, worked continuously for more than 7 days without a day off. * Under management composition of hours of work for security guards results in either a 4 day work accumulating 96 hours per week, or a 3 day work accumulating 72 hours per week. Under both conditions, facility exceeds FLA benchmark and labor regulations. | | | | Time records review/management interviews/Employee interviews | | 1) Re-arrange working hour schedule for security guards and ensure they have at least one day off a week and comply with overtime limits of labor law; 2) instruct security chief to observe the new working hour schedule | | | | Factory has increased on security person to solve this issue from Sep 1, 2005. Now all the security guards has worked less than 60 hours per week, and have one day off in 7 days. | Review the personal records, time records and pay roll. |

| FLA Code/ Compliance issue | Country Law/Legal Reference | FLA Benchmark | Non-compliance | Risk of Non-compliance | IEM Findings | | | Sources/Documentation used for corroborating | Notable Features implemented by Factory Management or | PC Remediation plan | Target Completion Date | Remediation | | |
|--|--|--|---|---|---|----------------------------------|---|--|---|---------------------|------------------------|---|---|---------------|
| | | | | | Evidence of Non-compliance (uncorroborated) | If not corroborated, explain why | | | | | | Factory Response (Optional) | Company follow up (Cite date of follow up) | Documentation |
| 10. Overtime Compensation | | | | | | | | | | | | | | |
| In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate. | | | | | | | | | | | | | | |
| Accurate recording of OT hours worked | | Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work | In addition to the regular hours of work (8 hours/day) , management, requires security guards to stay at the facility from 4.30 pm to 7.30 am to assist night inspectors. These hours worked after the regular shift are not recorded | | | | Document reviews/Management interviews/Employee interviews | | 1) Issue instructions to all security personnel to keep complete record of their working hours; 2) issue instructions to payroll section to ensure that all working hours of every employee including the security guards are paid in accordance with legal requirements; 3) post copy of the instructions at all working areas including the security post | | | Please refer to previous rows. | Review the personal records, time records and pay roll. | |
| OT Compensation | Art. 44.1 of PRC Labor Law: The employer shall pay workers no less than 150 % of their regular wages if they are required to work overtime. Art. 44. 2 of PRC Labor Law : Payment of wages to laborers should be no less than 200% of the normal wage if the employees are required to work on a day of rest and no deferred rest can be taken. Art. 44.3 of PRC Labor Law: Payment to workers should be no less than 300% of the normal wage if they are required to work during a legal holiday. | The factory shall comply with applicable law for premium rates for overtime compensation | Facility calculates and pays non-production workers a fixed amount for overtime wages ranging from RMB100 to RMB200. Payroll reviews indicate that overtime earnings (regular and rest days) of at least 20 employees exceeded the fix amount paid by employer. | | | | Payroll reviews/ Management interviews/ Employee interviews | | 1) revise the wages policy for non-production workers to include payment of overtime according to labor law requirements; 2) inform all non-production employees about the change in the policy; 3) issue instruction to payroll section to implement the new policy. | | | The factory has corrected this issue from August payment, reviewed and interviewed workers on August and Sep payment, it is in compliance with the local law. | Review the payroll, time record and pay stub of Aug and Sep | |
| Miscellaneous | | | | | | | | | | | | | | |
| Unauthorized subcontracting | | | | 1. [Another factory] , is use to subcontract Nike product. As per review of documents / management interviews, facility does not have someone designated to oversee if subcontractors are in compliance with the code. 2. Cafeteria and QC personnel are subcontracted by 3rd party. Facility has not designated someone internally to oversee compliance with the code. | | | Management interviews/Sub-contract agreement reviews | | 1) ensure that all sub-contractors for production are approved by the brand; 2) assign a staff to oversee and monitor the code compliance by all subcontractors including sub-contractor of the cafeteria; 3) stop sub-contracting of QC personnel; hire QC personnel as regular employees of the factory and observe all the applicable labor laws in their employment | 11/30/05 | | Factory has designated one person *** (the one who take charge of social compliance in the factory) to oversee the subcontractors. They also asked the subcontractors to sign a document to follow Nike's requirement. Suggest the factory to have detail report on Nike's requirement. | Review the assignment and the documents signed by subcontractors. | |